
Australian Institute of Medical Scientists



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SUBMISSION BY
THE AUSTRALIAN INSTITUTE OF MEDICAL SCIENTISTS TO THE
COMMONWEALTH PARLIAMENTARY INQUIRY INTO HEALTH FUNDING

The Australian Institute of Medical Scientists (AIMS) is a professional organisation representing some 2000 Medical Scientists from all disciplines of pathology and associated industries. It is involved in establishing and maintaining the high academic and professional standards of medical scientists employed in Australian medical laboratories. The institute also provides medical scientists with the opportunity to continually update their professional knowledge through national and state scientific meetings, a scientific journal and postgraduate programmes such as the Fellowship. AIMS has a minimum requirements standards document for degree level courses in medical laboratory science offered by Australian universities and undertakes regular reviews to ensure the courses meet these standards.

AIMS is also the body to which the National Office of Overseas Skills Recognition (NOOSR) has delegated the authority to assess the skills and qualifications of those people who are applying to migrate to Australia under the Commonwealth's General Skilled Migration Program as medical scientists or medical laboratory technical officers. AIMS carries out these assessments on behalf of NOOSR.

The Australian Institute of Medical Scientist (AIMS) appreciates the opportunity to provide a submission to this inquiry.

AIMS would like to focus some comments on what it perceives to be deficiencies in the current funding model for both public and private pathology services, especially with regard to the Commonwealth's aim of improving the efficient and effective delivery of highest quality health care to all Australians.

AIMS recognises that there are many pressures on health funding, however the delivery of pathology services, whether in the private or public sector needs to be efficient, effective and of the highest quality. As with all things, there is a balance required to ensure that quality and effectiveness do not suffer as a result of cost efficiency.

There are a number of funding models for laboratory services including the adoption of a single funding source based on fee for service which may require some investigation.

A number of AIMS Members believe that from a funding perspective, the current system of funding public pathology services through State health budgets is inefficient, and results in cost shifting between the public and private sectors.

Any funding model would need to be based on an extensive cost analysis in both public and private sector laboratories. Although in recent times publicly-funded laboratories (generally hospital laboratories) have begun to act more like private sector laboratories and vice versa, there may remain some significant differences in practice and patient-mix to warrant provision in any model for teaching, research and test development.

Any model developed should be one which is based on the true cost of the provision of diagnostic laboratory testing including research and development, teaching, quality assurance, and on-going professional development for all categories of staff employed within the pathology industry

Specifically, any funding model needs to recognize that there are some unique factors at play in the economics of pathology testing. To this end the funding models will need to:

- Consider the costs to the public and private health system of the development and provision of esoteric tests. Generally speaking, there are either no fees listed in the Medical Benefits Schedule for these tests, or the reimbursement is such

that it is inadequate to meet the full costs of providing these diagnostic services, including costs of collection, transportation and quality assurance.

- Give consideration to abandoning the “Grand Cone” which currently applies in assessment of claims for reimbursement for pathology testing. This strategy was designed to limit the total costs of a single pathology episode with multiple tests. In the case where some of the tests may be referred by one pathology provider to another pathology provider, the second laboratory may not be paid for the services which they have provided because of the application of the “Grand Cone” to that pathology episode. Generally it is a public or private reference laboratory which is denied the reimbursement under the current payments system.
- Develop a longer term solution to fund infrastructure costs of laboratories, particularly publicly funded pathology services. It is possible that direct funding of laboratories may have some benefit. The provision of a public PEI has recognized the need to fund the public laboratory for some of its infrastructure costs associated with collecting and transporting specimens.
- Identify the cost to the laboratory of on-going professional development for all categories of staff. Any funding model should provide sufficient resources and incentives for both public and private sector pathology providers to ensure that staff are able to maintain their skills, knowledge and competencies.
- Ensure adequate funding for research in health and related areas. While there may not be a direct financial benefit, potential commercial development of projects may have considerable patient benefits.
- Remove artificial controls such as the capping of pathology expenditures which was introduced to control the expanding cost of pathology services. This strategy has slowed but not halted the increase in pathology expenditures. But more significantly it has not had any effect in reducing the number of pathology requests. In fact there is evidence to suggest that although the rate of pathology episodes may have been slowed, the number and complexity of tests being ordered on each pathology episode is still increasing. Thus all that capping has done is reduced the potential revenues for a pathology practice without reducing the demands on services. In other words the laboratories are being forced to do more with less. The possible outcomes of this scenario include down-skilling of medical and scientific staff; reduction of professional input into the interpretation of pathology tests; and reduced quality of service.

Additional pressures as a result of capping include:

- Access
The economic environment created by the Commonwealth has seen the number of providers of private pathology reduced significantly to three key players. Simultaneously, to achieve cost effective delivery of services, these providers have centralised their services away from remote and rural communities. The services are somewhat diminished and the deskilling of the workforce is of concern to all. Infrastructure should be funded to maintain access and equity of service provision to aboriginal, remote and rural communities. Where it is not profitable to provide services through the private sector, models should be developed to achieve equivalence of service provision without erosion of quality.
- Delayed technology
In fixed return environments the purchase of new technology will be delayed as maximum return is rendered on ageing equipment and facilities. Technology costs are of major concern in the health sector but new technology will, if evaluated and introduced appropriately, offer potential for saving. It would be fair to conclude that current approaches to introducing technology in Australia are fragmented with considerable duplication of trials at state and regional levels. The introduction of specialised technology such as Magnetic Resonance Imaging needs to be weighed against preventative programs such as cholesterol testing to ensure the best long term community benefit.
- Training and Education
The Australian Medical Workforce Advisory Committee’s Pathology Workforce review barely touched the surface and again failed to identify the key role played by medical scientists in the health industry. While funding of pathologist training positions is necessary, training and development needs for medical scientists and other professionals in the wider health industry must also be funded otherwise health professional recruitment will become a major issue as the community ages. The generally poor income levels of most health workers as compared to other professionals must be addressed or current nursing shortages will be accompanied by wider shortages throughout all health professions. One option may be to reduce HECS fees for university courses in the healthcare area, to provide greater incentive to undertake these courses.
- Lowered focus on quality issues
There is little debate about medical errors in Australia’s healthcare system. Experience and statistics from the US would indicate clearly the high cost of medical errors. A push to change attitudes and culture must be federally driven with appropriate funding allocated. The disjointed delivery of health and pathology services does not offer any integrated approach. A reliance on NATA/NPAAC accreditation, while successful in maintaining quality in pathology, does not

address aspects of overall patient safety within hospital environments; a wider integrated approach is required. Mechanisms for more efficient sharing of patient information including pathology data between healthcare institutions should be explored and funded to optimise patient care. Funding of appropriate infrastructure, for example universal IT software, should be encouraged to facilitate this. This would allow uniformity in compiling patient and incident demographic information, enabling a benchmarking approach throughout Australia. This would facilitate distribution of funding to support community needs and maintain quality to all as it would identify particular problem zones.

We note that any funding model adopted must offer equity of access, be effective and affordable and should rely on evidence-based medicine to ensure appropriate allocation of resources to desirable programs and to avoid waste. A significant allocation of funds should be provided to educate the general population on the “finite” nature of the healthcare budget. Rationing of medical services historically has not been well received, but with the ageing of Australia’s population some thought should be given to this approach.

Authorised by the National Executive of the Australian Institute of Medical Scientists
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